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TXI-Chaparral (Virginia) Inc. generally supports the Staff's conceptual model with the following suggested modifications:

To calculate just and reasonable net stranded costs compare asset values based on net present value cash flows that arise from remaining in a regulated market (***just and reasonable, prudently incurred non-mitigable generation*** costs plus a fair return) to the net present value cash flows that arise in a competitive market (over the life of the assets). From this amount subtract recoveries via capped rates (to the extent capped rates exceed actual ***just and reasonable, prudently incurred non-mitigable generation*** costs including a fair return) and wires charges to determine the over- or under-recovery of just and reasonable net stranded costs.

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